VIDEO MUSIC CONFERENCE

"From Promises to Profits"

This story is a summary of a story which appeared on page 1 of the Dec. 7, 1985 Billboard titled "Video Music's Future."

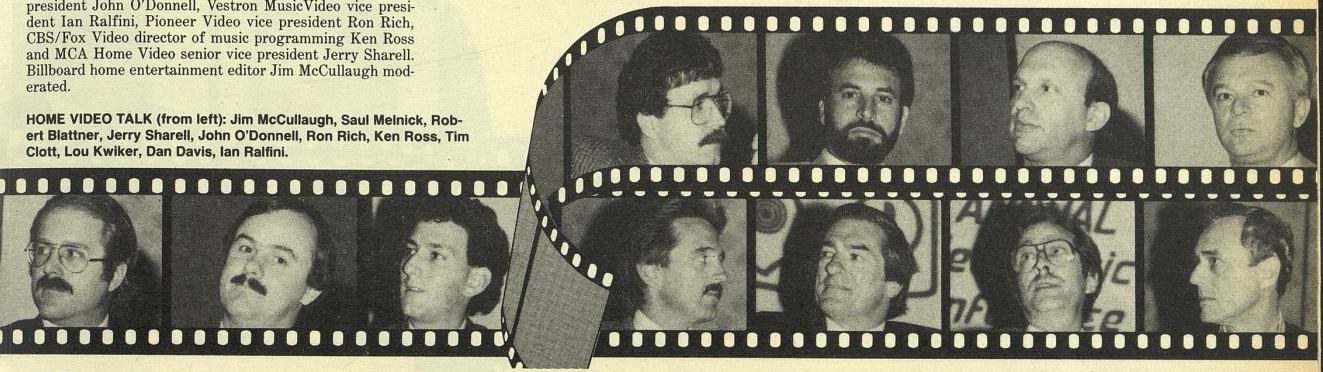
Music-oriented product is a tough sell in the home video marketplace, executives at the Seventh Annual Billboard Video Music Conference claim, but more realistic producer and artists demands and increasingly sophisticated marketing techniques are setting the problem-child genre on the pathway to success.

The seminar was titled "Video Music From Promises To Profit." The executives speaking were RCA/Columbia Pictures Home Video president Robert Blattner, Paramount Home Video senior vice president Tim Clott, Capitol Records Group Distribution Services vice president Dan Davis, Wherehouse Entertainment chief executive officer Lou Kwiker, MGM/UA Home Video Sales and marketing vice president Saul Melnick, Sony Video Software Company president John O'Donnell, Vestron MusicVideo vice president Ian Ralfini, Pioneer Video vice president Ron Rich, CBS/Fox Video director of music programming Ken Ross and MCA Home Video senior vice president Jerry Sharell. Billboard home entertainment editor Jim McCullaugh moderated.

Among the points made by the panelists:

- Patience is essential if the video music industry is to survive. While "there is no question that we have the potential to make this a very big business," says O'Donnell, "it takes time to get there."
- Many producers and artists are not giving the industry this time. "Expectations are totally unrealistic on the part of the entertainment production community," warns Blattner.
- Sales of most music video titles rarely get past the 10,000-unit mark, with 8,000 being a good performance and 5,000 and under more probable for many titles.
- Such numbers do not result in the generation of much revenue that can be used for buy product and market it, Blattner notes. Artists and producers should match their expectations to the realities, he says.
- Communication between video manufacturers and record labels is crucial and still imperfect, according to O'Donnell, who stated that all promotional materials for the record album should tout the video, and vice versa.
- A new pipeline awaits the home video industry as VCR penetration grows and mass merchandisers and other high volume outlets take up the format, says Kwiker, who described the 5,000 average sales figure given by manufacturers as "pipeline fill." With the new outlets on line, the pipeline will hold 10 times as many units, Kwiker believes.

TONY SEIDEMAN



HOME VIDEO TALK (from left): Jim McCullaugh, Saul Melnick, Robert Blattner, Jerry Sharell, John O'Donnell, Ron Rich, Ken Ross, Tim Clott, Lou Kwiker, Dan Davis, Ian Ralfini.

"Cutting Room Floor to Cutting Edge"

"Rumor has it there's money to be made in music video," cracked moderator Laura Foti, director of marketing for RCA Video Productions. The variety of approaches to making money discussed among the marketing and promotion group, suggested that Foti is right.

Gale Sparrow, vice president of marketing for Screen Link, viewed video as a means to an end: record sales. And clips must be considered as part of a marketing plan, she insisted, rather than as an afterthought.

Echoing Sparrow's sentiments was Celia Hirschman, president of Los Angeles-based VisAbility. "If a record company invests $50,000-$100,000 in a promotional tool," she said, "it's necessary that they take steps to gain maximum exposure for it." Hirschman pointed to the award-sweeping "Take On Me" by A-Ha as a case study in targeted video promotion. By releasing the clip to 30 selected markets for a month prior to release of the album and general release of the clip, Warner Bros. and VisAbility were able to monitor the effect of airplay in those specific areas. "We could actually tell which shows were effective," noted Hirschman.

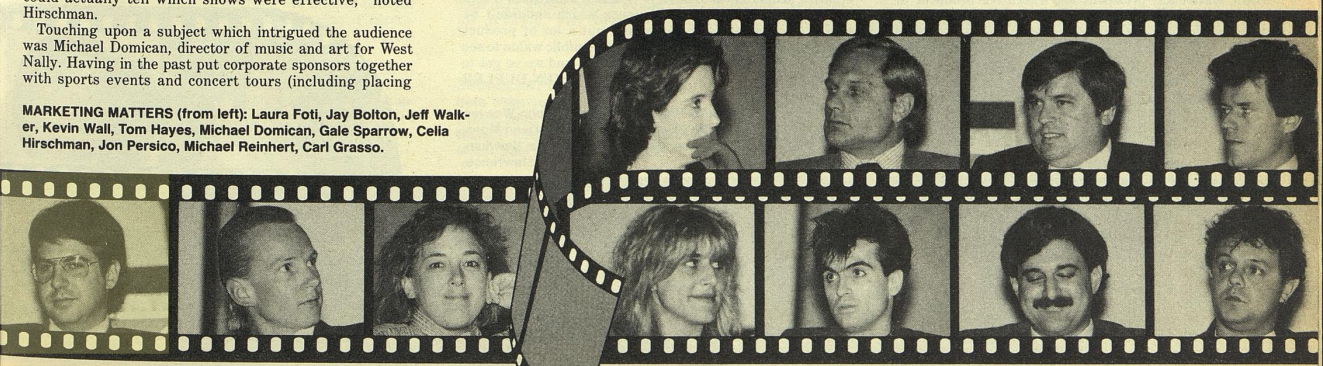
Touching upon a subject which intrigued the audience was Michael Domican, director of music and art for West Nally. Having in the past put corporate sponsors together with sports events and concert tours (including placing Eastman Kodak and AT&T in Live-Aid), Domican is now getting corporate money for videoclips. "We're in the business of finding communication vehicles for international corporations," said Domican, indicating where his bread is buttered. To West Nally, music video is "a reward to viewers for receiving the corporate message."

Targeting a direct source of revenue from videoclips is Michael Reinhert, director of video operations for Rowe International, a video jukebox manufacturer. Reinhert explained that there are 10 video jukebox firms in the U.S. now, and Rowe alone grosses $300 million annually. Yet, he complained, Rowe and its ilk are last in line to get the right to show a video, even though they are willing to pay immediate royalties. With only a 4% penetration into the jukebox business, said Reinhert, video jukeboxes could be paying artist royalties of more than $3 million a year.

"You're cutting off your noses to spite your faces," exclaimed Reinhert, pointing to the ineffective licensing of clips for commercial use. In the U.K., he said, clips can be cleared in eight days. In the U.S., it takes six weeks. "There is too much fear, too much greed and not enough communication," he said.

Utilizing yet another avenue for video promotion is Tom Hayes, president of Music Motions, a firm distributing videoclips to movie theatres as short subjects. His main problem is timing, he said, as "the record industry works at an extremely fast pace," and the film industry doesn't. Artists and labels, explained Hayes, have to think in terms of 35mm and high sound quality if they aim for theatrical distribution, but must understand that theatre owners will not welcome them open-armed. "At first," said Hayes, "we considered these clips programming, and expected theatres to pay for them. They wouldn't." Now, Music Motion is also taking a corporate sponsorship line, having recently hooked up with West Nally for the Kodak-sponsored David Bowie/Mick Jagger "Dancing In The Streets" project.

Jeff Walker, president of Aristo Associates, is in the business of marketing country music clips, a business which has been hampered in the past by a shortage of both product and outlets for distribution. "As of November 15," said Walker, "the Nashville Network's library of clips numbered 278, a third of them independent." That number increases by three to four clips a week; the number of outlets airing country music clips is now up to 62. **ETHLIE ANN VARE**



MARKETING MATTERS (from left): Laura Foti, Jay Bolton, Jeff Walker, Kevin Wall, Tom Hayes, Michael Domican, Gale Sparrow, Celia Hirschman, Jon Persico, Michael Reinhert, Carl Grasso.

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